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MATERIAL – DO NOT RELEASE UNTIL AND UNLESS APPROVED BY
PRESIDING JUDGE**

FOR SETTLEMENT PURPOSES ONLY

**PROTECTION SOUGHT PURSUANT TO PROTECTIVE ORDER IN
DOCKET NO. 07-147**

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	EB Docket No. 07-147
)	
PENDLETON C. WAUGH, CHARLES M.	)	File No. EB-06-IH-2112
AUSTIN, and JAY R. BISHOP	)	NAL/Acct. No. 200732080025
)	
PREFERRED COMMUNICATION SYSTEMS,	)	FRN No. 0003769049
INC.)	
)	
Licensee of Various Site-by-Site Licenses in the)	
Specialized Mobile Radio Service.)	
)	
PREFERRED ACQUISITIONS, INC.	)	FRN No. 0003786183
)	
Licensee of Various Economic Area Licenses in)	
the 800 MHz Specialized Mobile Radio Service)	
)	

SETTLEMENT AGREEMENT

1. The Enforcement Bureau of the Federal Communications Commission, Preferred Communication Systems, Inc., Preferred Acquisitions, Inc., Charles M. Austin, and Jay R. Bishop hereby enter into this Settlement Agreement for the purpose of resolving and terminating the above-captioned proceeding initiated by an Order to Show Cause and Notice of Opportunity for Hearing issued by the Commission on July 20, 2007.
2. For purposes of this Settlement Agreement, the following definitions shall apply:
 - a) "Act" means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
 - b) "Affiliate" means any entity controlled by PCSI and/or PAI, and any predecessor-in-interest, affiliate, parent company, wholly or partially owned subsidiary, other affiliated company or business, and all owners, including but not limited to, partners or principals, and all directors, officers, employees, or agents, including consultants and any other persons working for or on behalf of the foregoing, at any time
 - c) "Any" shall be construed to include the word "all," and the word "all" shall be construed to include the word "any." Additionally, the word "or" shall be construed to include the word "and," and the word "and" shall be construed to include the word "or." The word "each" shall be construed to include the word "every," and the word "every" shall be construed to include the word "each."
 - d) "Approving Order" means an order of the Presiding Administrative Law Judge or the Chief Administrative Law Judge approving this Settlement Agreement and terminating the proceeding in EB Docket No. 07-147.

- e) "Attributable Principal" means the following:
1. in the case of a corporation, a party holding 10 percent or more of stock, whether voting or nonvoting, common or preferred;
 2. in the case of a limited partnership, a limited partner whose interest is 10 percent or greater (as calculated according to the percentage of equity paid in or the percentage of distribution of profits and losses);
 3. in the case of a general partnership, a general partner;
 4. in the case of a limited liability company, a member whose interest is 10 percent or greater;
- f) "Bureau" means the FCC's Enforcement Bureau.
- g) "Charles M. Austin" means Charles M. Austin, the President, Chief Executive Officer, and majority shareholder of Preferred Communication Systems, Inc.
- h) "Commission's Rules" means Part 47 of the Code of Federal Regulations.
- i) "Effective Date" means the date on which the Presiding Administrative Law Judge or the Chief Administrative Law Judge releases the Approving Order.
- j) "FCC" or "Commission" means Federal Communications Commission.
- k) "Final Order" means that, with respect to the Approving Order: (1) no administrative appeal of any kind has been filed or is pending before the FCC, and the time for filing any such appeal has lapsed; (b) no request to stay, vacate, annul, reverse, or set aside has been filed, and the time for filing any such request has lapsed; (c) no order staying, vacating, reversing, setting aside, annulling or suspending the Approving Order has been released; (d) the Commission, on its own motion, has not proposed or taken any action inconsistent with or adverse to the Approving Order, and the time for doing so has lapsed; (e) no judicial appeal of any kind has been filed or is pending, and, if permitted, the time for filing any such appeal has lapsed.
- l) "Jay R. Bishop" means Jay R. Bishop, former Consultant to Preferred Communication Systems, Inc.
- m) "Order to Show Cause" means *Pendleton C. Waugh, et al.*, Order to Show Cause and Notice of Opportunity for Hearing, FCC 07-125 (rel. July 20, 2007), as modified by Erratum, DA 07-4361 (re. October 22, 2007).
- n) "PAI" means Preferred Acquisitions, Inc., licensee of the Specialized Mobile Radio Economic Area stations identified in Attachment A to this Settlement Agreement.
- o) "Parties" means PCSI, PAI, Charles M. Austin, Jay R. Bishop, and/or the Bureau, collectively; and "Party" refers to PCSI, PAI, Charles M. Austin, Jay R. Bishop, and the Bureau, individually.

- p) "PCSI" means Preferred Communication Systems, Inc., the licensee of the Specialized Mobile Radio, site-by-site stations identified in Attachment B to this Settlement Agreement.
- q) "Pendleton C. Waugh" means Pendleton C. Waugh, former Consultant to Preferred Communication Systems, Inc.
- r) "Proceeding" means the evidentiary hearing initiated by the Order to Show Cause.

I. BACKGROUND

- 3. PCSI is a wireless company based in Irving, Texas. PCSI is the licensee of the FCC licenses identified in paragraph 2(p), above.
- 4. PAI is the wholly owned subsidiary of PCSI. PAI is the licensee of the FCC licenses identified in paragraph 2(n), above.
- 5. Since at least January 1998, Charles M. Austin has been the President and Chief Executive Officer of PCSI. Charles M. Austin has also been a voting shareholder with at least 70% of PCSI voting stock.
- 6. In 2006, the Commission received information indicating that PCSI and PAI may not have properly disclosed information about Pendleton C. Waugh's and Jay R. Bishop's ownership of PCSI stock and felony convictions, as outlined in the Order to Show Cause, in applications filed with the Commission. Thereafter, the Bureau commenced an investigation into PCSI's and PAI's compliance with the Commission's Rules and Act. As a consequence, the Commission issued the Order to Show Cause.
- 7. In its Order to Show Cause, the Commission commenced a license revocation hearing against PCSI, PAI, Charles M. Austin, Pendleton C. Waugh, and Jay R. Bishop in EB Docket No. 07-147 on the following issues:
 - a) To determine whether Pendleton C. Waugh was an undisclosed real party in interest in filings before the Commission, in willful and/or repeated violation of Section 1.2112 of the Commission's Rules;
 - b) To determine whether PCSI engaged in an unauthorized transfer of control, in willful and/or repeated violation of Section 310(d) of the Communications Act of 1934, as amended;
 - c) To determine whether PCSI and/or PAI misrepresented material facts to, and/or lacked candor in its dealings, with the Commission, in willful and/or repeated violation of Section 1.17 of the Commission's Rules;
 - d) To determine the effect of Pendleton C. Waugh's and Jay R. Bishop's felony convictions on their qualifications and those of PCSI and PAI to be and remain Commission licensees;
 - e) To determine whether PCSI and/or PAI failed to maintain the continuing accuracy of filings pending before the Commission in willful and/or repeated violation of Section 1.65 of the Commission's Rules;

- f) To determine whether PCSI failed to respond fully and completely to official requests for information from the Commission, in willful and/or repeated violation of Section 308(b) of the Communications Act of 1934, as amended;
- g) To determine whether, in fact, PCSI discontinued operation of its licenses for more than one year, pursuant to Section 90.157 of the Commission's Rules;
- h) To determine, in light of the evidence adduced pursuant to the foregoing issues, whether the captioned individuals and/or entities are qualified to be and remain Commission licensees; and
- i) To determine, in light of the evidence adduced pursuant to the foregoing issue, whether the referenced authorizations should be revoked.

The Order to Show Cause also ordered, irrespective of the resolution of the foregoing issues, that a determination be made whether to issue an Order of Forfeiture against PCSI and PAI for the potential rule violations described above.

- 8. The Parties acknowledge that a settlement agreement would serve the public interest by avoiding a protracted hearing proceeding that would involve the expenditure of substantial public and private resources. To conserve such resources, the Parties hereby enter into this Settlement Agreement, subject to approval by the Presiding Administrative Law Judge or the Chief Administrative Law Judge, in consideration of the mutual commitments made herein.

II. AGREEMENT

9. The Parties agree and acknowledge that this Settlement Agreement shall constitute a final settlement between them of the Proceeding and the Order to Show Cause. In consideration for the mutual representations, acknowledgements, and commitments made herein, the Parties agree as follows:
10. The Parties waive their right to a hearing on the issues which are designated in the Order to Show Cause, including all of the usual procedures for preparation and review of an initial decision.
11. The Parties agree that the Order to Show Cause may be used in construing this Settlement Agreement.
12. The Parties agree that this Settlement Agreement is for settlement purposes only and that signing does not constitute an admission by PCSI, PAI, Charles M. Austin, and Jay R. Bishop of any violation of the Act or the Commission's Rules arising from their actions or admissions as described in the Order to Show Cause.
13. The Parties agree that the provisions of this Settlement Agreement shall be subject to approval by the Presiding Administrative Law Judge or the Chief Administrative Law Judge.
14. The Parties admit that the Commission, and under their delegated authority, the Presiding Administrative Law Judge or Chief Administrative Law Judge, has jurisdiction over them and the subject matter of this Proceeding for the purposes of this Settlement Agreement.
15. The Parties agree that this Settlement Agreement shall become effective on the Effective Date.
16. The Parties agree that they shall, within two business days of the execution by all signatories to this Settlement Agreement, jointly file a written request to the Presiding Administrative Law Judge seeking approval of this Settlement Agreement and termination of the proceeding in EB Docket No. 07-147. The Settlement Agreement shall be filed under separate cover with a joint motion requesting that the Settlement Agreement be kept under seal until the Effective Date.
17. The Bureau agrees that, in the absence of material new evidence, it will not, on its own motion, initiate or recommend to the Commission, any new proceeding, formal or informal, against PCSI, PAI, Charles M. Austin, or Jay R. Bishop, for alleged violations relating to the matters which formed the basis for the Order to Show Cause. Nothing in this Settlement Agreement shall prevent the Bureau from instituting or recommending to the Commission, investigations or enforcement proceedings against PCSI, PAI, Charles M. Austin, and Jay R. Bishop in the event of any alleged future misconduct or for violation of this Settlement Agreement or for violation of the Act or the Commission's Rules, consistent with the provisions of this Settlement Agreement. In addition, nothing in this Settlement Agreement shall prevent the Bureau from considering any information which formed the basis for the Order to Show Cause in determining appropriate sanctions for any future misconduct on the part of PCSI, PAI, Charles M. Austin, and Jay R. Bishop.
18. Jay R. Bishop agrees that, for a period of 5 years from the Effective Date, he shall refrain from applying to the Commission in his individual capacity for any FCC license or instrument of authorization. Jay R. Bishop further agrees that, for a period of 5 years from the Effective Date, he shall refrain from serving as an Attributable Principal, officer, or director of any entity that applies for any FCC license or instrument of authorization and serving as an Attributable

Principal, officer, or director in any entity that holds an FCC license or instrument of authorization.

19. Jay R. Bishop agrees, that if, after a period of 5 years from the Effective Date, he applies to the Commission for any FCC license or instrument of authorization in his individual capacity or as a principal of any applicant, the applicant shall, in the interest of full disclosure, provide information about the Order to Show Cause and the disposition of the proceeding in EB Docket No. 07-147 in response to any question which inquires whether the applicant or any party thereto has ever had an FCC authorization revoked or been involved in a license revocation proceeding before the FCC. Jay R. Bishop acknowledges that the Commission shall process each such application and evaluate the applicant's basic and other qualifications to be a Commission licensee in the ordinary course. The Bureau agrees, in the absence of any intervening felony convictions or Commission-related misconduct by Jay R. Bishop, to recommend to the Commission that it not designate for hearing any of the issues in, or consider the conduct which gave rise to, the Order to Show Cause in evaluating such qualifications.
20. Charles M. Austin agrees that if he applies to the Commission for any FCC license or instrument of authorization in his individual capacity or as a principal of any applicant, the applicant shall, in the interest of full disclosure, provide information about the Order to Show Cause and the disposition of the proceeding in EB Docket No. 07-147 in response to any question which inquires whether the applicant or any party thereto has ever had an FCC authorization revoked or been involved in a license revocation proceeding before the FCC. Charles M. Austin acknowledges that the Commission shall process each such application and evaluate the applicant's basic and other qualifications to be a Commission licensee in the ordinary course. The Bureau agrees, in the absence of any intervening felony convictions or Commission-related misconduct by Charles M. Austin, to recommend to the Commission that it not designate for hearing any of the issues in, or consider the conduct which gave rise to, the Order to Show Cause in evaluating such qualifications.
21. PCSI, PAI, Charles M. Austin, and Jay R. Bishop each agrees that Pendleton C. Waugh and Jay R. Bishop shall not work for, contract for, consult for, or hold any ownership interest (outright or beneficial, through stocks, warrants, voting trusts, or any other mechanism) in PCSI, PAI, any Affiliate of PCSI, and/or any Affiliate of PAI.
22. PCSI, PAI, and Charles M. Austin agree to make the following changes in PCSI's and PAI's management. PCSI, PAI, and Charles M. Austin agree to elect or appoint at least one additional member to PCSI's Board of Directors within 30 days of the Final Order, to recruit a Chief Operating Officer and Chief Financial Officer for PCSI and PAI within 60 days of receiving access to their frequencies at the resolution, with finality, of the proceeding in WT Docket No. 02-55 as to PCSI and PAI, to notify the Bureau about the appointment and summary of qualifications of such individuals, to file applications with the Wireless Telecommunications Bureau to effectuate any transfer of control necessary to fill such positions, and if such applications are approved, to hire such individuals.
23. PCSI, PAI, and Charles M. Austin agree to comply with all Commission rules applicable to PCSI's and PAI's licenses with respect to construction and operation deadlines that are imposed on PCSI's and PAI's licenses as a result of the 800 MHz rebanding proceeding in WT Docket No. 02-55. PCSI, PAI, and Charles M. Austin agree to provide written notification to the Bureau, in addition to any other notifications required by law or this Settlement Agreement, when they have met the aforementioned construction and operation deadlines. Without prejudice to any other potential violations of any other terms of this Settlement Agreement, PCSI, PAI, and Charles M.

Austin agree that a violation of this term of the Settlement Agreement will constitute a material violation as described in Paragraph 36, below.

24. The Bureau agrees to inform the Wireless Telecommunications Bureau when the Presiding Judge has released his Approving Order.
25. The Bureau agrees to withdraw any request that the Wireless Telecommunications Bureau refrain from processing PAI's pending application for waiver of the construction deadlines applicable to its licenses, filed December 22, 2005 as a result of the above-captioned hearing proceeding. The Bureau does not, however, provide any express or implied warranties that PAI's pending application for waiver will be granted.
26. To the extent that PCSI's licenses may be operated until the 800 MHz rebanding proceeding in WT Docket No. 02-55 is resolved with finality as to PCSI and PAI, PCSI agrees that it will place its licenses back into operation within 90 days of the Final Order, unless it notifies the Bureau and the Wireless Telecommunications Bureau prior to that time that such operation is undesirable or impractical under existing circumstances. To the extent that PCSI's licenses may not be operated until the 800 MHz rebanding proceeding in WT Docket No. 02-55 is resolved as to PCSI and/or PAI, PCSI shall file discontinuance of operation notices with the Wireless Telecommunications Bureau as to the rest.
27. PCSI agrees that, upon the Final Order, the FCC licenses listed in Attachment C to this Settlement Agreement shall be deemed to have been surrendered by it to the Commission for unconditional and immediate cancellation, and further that such licenses at such time shall be deemed to be cancelled.
28. PCSI, PAI, Charles M. Austin, and Jay R. Bishop each agrees to submit reports to the Bureau attesting to their compliance, or explaining why they are unable to so attest, with this Settlement Agreement annually, for a period of five years from the Effective Date of this Settlement Agreement and as specified in Paragraph 23, above. Such reports may be separately submitted by each Party specified in this paragraph, and shall be sent to Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554.
29. Preferred Communication Systems, Inc., and Preferred Acquisitions, Inc., agree that they will make a voluntary contribution to the United States Treasury in the total amount of \$100,000 in one installment of \$20,000 and 16 monthly installments of \$5,000 each. The first payment will be made within 30 days after the Effective Date, with subsequent payments made on the first day of each month thereafter. Each payment must be made by check or similar instrument, payable to the order of the Federal Communications Commission, to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000. Payment by overnight mail may be sent to U.S. Bank -- Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101. Payment by wire transfer may be made to ABA Number 021030004, receiving bank TREAS/NYC, and account number 27000001. For payment by credit card, an FCC Form 159 (Remittance Advice) must be submitted. When completing the FCC Form 159, enter the NAL/Account number in block number 23A (call sign/other ID), and enter the letters "FORF" in block number 24A (payment type code).
30. PCSI, PAI, Charles M. Austin, Jay R. Bishop, and the Bureau each agrees to waive any and all rights they may have, collectively and individually, to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this

Settlement Agreement and the Approving Order. If the Bureau, the Commission, or the United States acting on its behalf, brings a judicial action to enforce the terms of the Approving Order or this Settlement Agreement or both, neither PCSI, PAI, Charles M. Austin, nor Jay R. Bishop, collectively or individually, will contest the validity of this Settlement Agreement or the Approving Order. PCSI, PAI, Charles M. Austin, and Jay R. Bishop do not waive any statutory right to a trial *de novo* to determine whether they violated this Settlement Agreement.

31. The decision of PCSI, PAI, Charles M. Austin, and Jay R. Bishop to enter into this Settlement Agreement is expressly contingent upon the approval of the agreement and the issuance of the Approval Order by the Presiding Administrative Law Judge or the Chief Administrative Law Judge. The Parties agree that PCSI, PAI, Charles M. Austin, Jay R. Bishop, or the Bureau may withdraw from this Settlement Agreement if any revision, change, or modification is made to its terms.
32. The Parties agree that this Settlement Agreement shall become part of the record of this Proceeding only on its Effective Date.
33. In the event that this Settlement Agreement is rendered invalid in any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.
34. PCSI, PAI, Charles M. Austin, and Jay R. Bishop, agree to waive any claims they may otherwise have, collectively and individually, under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Settlement Agreement.
35. Each Party represents and warrants to the other that it has full power and authority to enter into this Settlement Agreement.
36. PCSI, PAI, Charles M. Austin, and Jay R. Bishop, individually and collectively, agree to comply with each individual term and condition of this Settlement Agreement. Each specific term and condition is a separate term and condition of the Settlement Agreement, as approved. Any material violation of the Settlement Agreement by PCSI, PAI, Charles M. Austin, or Jay R. Bishop, including the non-payment of any part of the voluntary contribution and/or failure to meet construction and operation deadlines as described in Paragraph 23, above, will constitute a separate and material violation of a Commission order and this Settlement Agreement, entitling the Commission or Bureau to exercise any rights and remedies attendant to the enforcement of a Commission order. PCSI, PAI, and Charles M. Austin each agree that they shall be jointly and severally liable for any material breach by them as described in this paragraph. Jay R. Bishop agrees that he shall be liable for any material breach by him as described in this paragraph.

37. This Settlement Agreement may be executed in counterparts.

**FEDERAL COMMUNICATIONS COMMISSION
ENFORCEMENT BUREAU**

By: Kris A. Monteith Date: 8/5/09
Kris Anne Monteith, Chief

PREFERRED COMMUNICATION SYSTEMS, INC.

By: Charles M. Austin Date: 8-4-09
Charles M. Austin

PREFERRED ACQUISITIONS, INC.

By: Charles M. Austin Date: 8-4-09
Charles M. Austin

CHARLES M. AUSTIN

By: Charles M. Austin Date: 8-4-09
Charles M. Austin

JAY R. BISHOP

By: Jay R. Bishop Date: 8-4-09
Jay R. Bishop

Attachment A

WPRQ941 (BEA013 – Washington-Baltimore, DC-MD-VA-WV-PA)
WPRQ942 (BEA015 – Richmond-Petersburg, VA)
WPRQ943 (BEA016 – Staunton, VA-WV)
WPRQ944 (BEA017 – Roanoke, VA-NC-WV)
WPRQ945 (BEA048 – Charleston, WV-KY-OH)
WPRQ946 (BEA164 – Sacramento-Yolo, CA)
WPRQ947 (BEA165 – Redding, CA-OR)
WPRQ948 (BEA174 – Puerto Rico and the U.S. Virgin Islands)
WPRQ949 (BEA016 – Staunton, VA-WV)
WPRQ950 (BEA017 – Roanoke, VA-NC-WV)
WPRQ951 (BEA048 – Charleston, WV-KY-OH)
WPRQ952 (BEA162 – Fresno, CA)
WPRQ953 (BEA165 – Redding, CA-OR)
WPRQ954 (BEA174 – Puerto Rico and the U.S. Virgin Islands)
WPRQ955 (BEA016 – Staunton, VA-WV)
WPRQ956 (BEA017 – Roanoke, VA-NC-WV)
WPRQ957 (BEA048 – Charleston, WV-KY-OH)
WPRQ958 (BEA162 – Fresno, CA)
WPRQ959 (BEA163 – San Francisco-Oakland-San Jose, CA)
WPRQ960 (BEA164 – Sacramento-Yolo, CA)
WPRQ961 (BEA165 – Redding, CA-OR)
WPRQ962 (BEA174 – Puerto Rico and the U.S. Virgin Islands)
WPRQ963 (BEA013 – Washington-Baltimore, DC-MD-VA-WV-PA)
WPRQ964 (BEA015 – Richmond-Petersburg, VA)
WPRQ965 (BEA016 – Staunton, VA-WV)
WPRQ966 (BEA017 – Roanoke, VA-NC-WV)
WPRQ967 (BEA174 – Puerto Rico and the U.S. Virgin Islands)
WPRQ968 (BEA013 – Washington-Baltimore, DC-MD-VA-WV-PA)
WPRQ969 (BEA015 – Richmond-Petersburg, VA)
WPRQ970 (BEA016 – Staunton, VA-WV)
WPRQ971 (BEA017 – Roanoke, VA-NC-WV)
WPRQ972 (BEA174 – Puerto Rico and the U.S. Virgin Islands)
WPRQ973 (BEA013 – Washington-Baltimore, DC-MD-VA-WV-PA)
WPRQ974 (BEA015 – Richmond-Petersburg, VA)
WPRQ975 (BEA016 – Staunton, VA-WV)
WPRQ976 (BEA017 – Roanoke, VA-NC-WV)
WPRQ977 (BEA162 – Fresno, CA)
WPRQ978 (BEA164 – Sacramento-Yolo, CA)

Attachment B

WPDU206 (Santurce, PR)
WPDU210 (Santurce, PR)
WPDU218 (Santurce, PR)
WPDU222 (Santurce, PR)
WPDU263 (Santurce, PR)
WPDU266 (Santurce, PR)
WPDU271 (Santurce, PR)
WPDU275 (Santurce, PR)
WPDU279 (Santurce, PR)
WPDU287 (Santurce, PR)
WPEF461 (Santurce, PR)
WPEU434 (Santurce, PR)
WPEX345 (Santurce, PR)
WPEY418 (Santurce, PR)
WPEY419 (Santurce, PR)
WPEY421 (Santurce, PR)
WPEY422 (Santurce, PR)
WPEY423 (Santurce, PR)
WPEY424 (Santurce, PR)
WPEY425 (Santurce, PR)
WPEY427 (Santurce, PR)
WPEY429 (Santurce, PR)
WPEY430 (Santurce, PR)
WPEY431 (Santurce, PR)
WPEY432 (Santurce, PR)
WPEY445 (Santurce, PR)
WPEY446 (San Juan, PR)
WPEY447 (Santurce, PR)
WPEY448 (Santurce, PR)
WPEY450 (Santurce, PR)
WPEY451 (Santurce, PR)
WPEZ750 (Santurce, PR)
WPFA265 (San Juan, PR)
WPFA266 (Santurce, PR)
WPFA268 (Santurce, PR)
WPFA269 (Santurce, PR)
WPFA270 (Santurce, PR)
WPFA273 (Santurce, PR)
WPFA278 (Santurce, PR)
WPFA280 (Santurce, PR)
WPFD607 (Santurce, PR)
WPFD808 (Santurce, PR)
WPFD809 (Santurce, PR)
WPFD810 (Santurce, PR)
WPFD811 (Santurce, PR)
WPFD812 (Santurce, PR)
WPFE472 (Santurce, PR)
WPFE934 (Cayey, PR)
WPGF589 (no ULS address; coordinates 18-16-08.8 N, 066-04-00.5 W)

WPF599 (Caguas, PR)
WPF597 (Cayey, PR)
WPF600 (San Juan, PR)
WPF354 (Aguada, PR)
WPF600 (Anasco, PR)
WPF636 (Anasco, PR)
WPF725 (Anasco, PR)
WPFQ293 (Charlotte Amalie, VI)
WPF846 (Saint Croix, VI)
WPF856 (Saint Croix, VI)
WPF334 (Saint Croix, VI)
WPF598 (Aguada, PR)
WPF335 (Aguada, PR)
WPF598 (Aguada, PR)
WPF356 (Aguada, PR)
WPF357 (Saint Croix, VI)
WPF369 (Charlotte Amalie, VI)
WPF416 (Charlotte Amalie, VI)
WPF417 (Saint Croix, VI)
WPF968 (Charlotte Amalie, VI)
WPFV692 (Charlotte Amalie, VI)
WPFV884 (Mayaguez, PR)
WPFX997 (Mayaguez, PR)
WPFZ805 (Mayaguez, PR)
WPFZ806 (Mayaguez, PR)
WPFZ807 (Mayaguez, PR)
WPFZ808 (Mayaguez, PR)
WPGD852 (Mayaguez, PR)
WPGD855 (Mayaguez, PR)

Attachment C

WPDU206 (Santurce, PR)
WPDU210 (Santurce, PR)
WPDU218 (Santurce, PR)
WPDU222 (Santurce, PR)
WPDU263 (Santurce, PR)
WPDU266 (Santurce, PR)
WPDU271 (Santurce, PR)
WPDU275 (Santurce, PR)
WPDU279 (Santurce, PR)
WPDU287 (Santurce, PR)
WPEF461 (Santurce, PR)
WPEU434 (Santurce, PR)
WPEX345 (Santurce, PR)
WPEY418 (Santurce, PR)
WPEY419 (Santurce, PR)
WPEY421 (Santurce, PR)
WPEY422 (Santurce, PR)
WPEY423 (Santurce, PR)
WPEY427 (Santurce, PR)
WPEY429 (Santurce, PR)
WPEY431 (Santurce, PR)
WPEY432 (Santurce, PR)
WPEY445 (Santurce, PR)
WPEY446 (San Juan, PR)
WPEY447 (Santurce, PR)
WPEY448 (Santurce, PR)
WPEY450 (Santurce, PR)
WPEY451 (Santurce, PR)
WPEZ750 (Santurce, PR)
WPFA270 (Santurce, PR)
WPFA278 (Santurce, PR)
WPFA280 (Santurce, PR)
WPF811 (Santurce, PR)
WPF812 (Santurce, PR)
WPF934 (Cayey, PR)
WPF598 (Aguada, PR)
WPF597 (Cayey, PR)
WPF600 (San Juan, PR)
WPF354 (Aguada, PR)
WPF600 (Anasco, PR)
WPF636 (Anasco, PR)
WPF725 (Anasco, PR)
WPFQ293 (Charlotte Amalie, VI)
WPF846 (Saint Croix, VI)
WPF856 (Saint Croix, VI)
WPF334 (Saint Croix, VI)
WPF335 (Aguada, PR)
WPF356 (Aguada, PR)

WPFT357 (Saint Croix, VI)
WPFT369 (Charlotte Amalie, VI)
WPFT416 (Charlotte Amalie, VI)
WPFT417 (Saint Croix, VI)
WPFT968 (Charlotte Amalie, VI)
WPFV692 (Charlotte Amalie, VI)
WPFV884 (Mayaguez, PR)
WPFX997 (Mayaguez, PR)

CERTIFICATE OF SERVICE

Alicia Smothers McCannon, an Enforcement Analyst in the Enforcement Bureau's Investigations and Hearings Division, certifies that she has, on this 5th day of August 2009, sent by first class United States mail or electronic mail, as noted, copies of the foregoing "Joint Motion to Accept Settlement Agreement Under Seal," to:

Charles M. Austin
Preferred Acquisitions, Inc.
Preferred Communication Systems, Inc.
400 East Royal Lane, 9 Suite N-24
Irving, TX 75039
precomsys@aol.com

Jay R. Bishop
P.O. Box 5598
Palm Springs, CA 92262
jaybishopps@aol.com
michellebishopps@aol.com

William D. Silva**
Law Offices of William D. Silva
5335 Wisconsin Ave., NW
Suite 400
Washington, DC 20015-2003
bill@luselaw.com
Attorney for Pendleton C. Waugh

Chief Administrative Law Judge Richard L. Sippel*
Federal Communications Commission
445 12th Street, S.W., Room 1-C768
Washington, DC 20054


Alicia Smothers McCannon

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FILED/ACCEPTED
AUG - 5 2009
Federal Communications Commission
Office of the Secretary

In the Matter of	)	EB Docket No. 07-147
)	
PENDLETON C. WAUGH, CHARLES M.	)	File No. EB-06-IH-2112
AUSTIN, and JAY R. BISHOP	)	NAL/Acct. No. 200732080025
)	
PREFERRED COMMUNICATION	)	FRN No. 0003769049
SYSTEMS, INC.)	
)	
Licensee of Various Site-by-Site Licenses in)	
the Specialized Mobile Radio Service.)	
)	
PREFERRED ACQUISITIONS, INC.	)	FRN No. 0003786183
)	
Licensee of Various Economic Area Licenses)	
in the 800 MHz Specialized Mobile Radio)	
Service)	

To: Chief Administrative Law Judge
Richard L. Sippel

JOINT REQUEST
FOR APPROVAL OF SETTLEMENT AGREEMENT AND
TERMINATION OF PROCEEDING

1. The Enforcement Bureau, Preferred Communication Systems, Inc. ("PCSI"), Preferred Acquisitions, Inc. ("PAI"), Charles M. Austin, and Jay R. Bishop (collectively, the "Parties"), hereby jointly request the Presiding Judge to accept the executed Settlement Agreement being submitted simultaneously herewith under separate

cover,¹ and issue an order adopting the Settlement Agreement and terminating this proceeding.² In support whereof, the following is shown.

2. On July 20, 2007, the Commission released the Order to Show Cause and Notice of Opportunity for Hearing in this proceeding.³ The Show Cause Order directed the Presiding Judge to determine, among other things, whether the above-captioned licenses held by PCSI and/or PAI should be revoked on issues including those relating to the apparent failure by PCSI and PAI to disclose the felony convictions of two individuals involved in the companies, Pendleton C. Waugh and Jay R. Bishop; undisclosed real-party-in-interest; and unauthorized transfer of control.

3. Subsequently, on March 10, 2009, the Parties and Pendleton C. Waugh informed the Presiding Judge that they were engaged in settlement negotiations which, if successful, would eliminate the need for hearing in this proceeding. The Presiding Judge, on March 11, 2009, stayed the procedural schedule pending the disposition of such settlement negotiations.⁴ The Parties are pleased to further inform the Presiding Judge that their negotiations have resulted in a settlement, the terms and conditions of which are contained in the referenced Settlement Agreement being submitted under seal.

4. The Settlement Agreement contemplates the resolution of issues specifically relating to PCSI and PAI and their qualifications to be and remain

¹ The proposed Settlement Agreement is being submitted under separate cover accompanied by a joint motion that it be kept under seal until approved.

² The Parties respectfully submit that the submittal of the concurrently filed Settlement Agreement satisfies the Presiding Judge's order that the Parties submit a joint status report on the status of settlement negotiations by August 11, 2009. *See Pendleton C. Waugh, et al.*, Order, FCC 09M-44 (ALJ Sippel, rel. June 12, 2009).

³ *See Pendleton C. Waugh, et al.*, Order to Show Cause and Notice of Opportunity for Hearing, FCC 07-125 (July 20, 2007) ("Show Cause Order").

⁴ *See Pendleton C. Waugh, et al.*, Order, FCC 09M-27 (ALJ Sippel, rel. March 11, 2009). The Presiding Judge granted further stays on May 6, 2009, and June 12, 2009. *See Pendleton C. Waugh, et al.*, Order,

Commission licensees. Because neither Pendleton C. Waugh nor Jay R. Bishop -- both of whom are convicted felons -- is presently a licensee or applicant in his own right, grant of the Settlement Agreement will eliminate the need at this time to inquire into their respective individual qualifications.⁵ Thus, the issue in this proceeding to determine the effect, if any, of each individual's felony conviction on his qualifications to be a Commission licensee⁶ will necessarily be moot insofar as this proceeding is concerned.⁷

5. The Parties represent that a settlement in this case, if approved by the Presiding Judge, would obviate the need for a protracted hearing, thereby conserving valuable public and private resources. The Parties believe that the proposed Settlement Agreement provides for a fair and equitable resolution of the captioned proceeding and is therefore in the public interest. In addition, the terms and conditions of the Settlement Agreement are such that the concerns expressed by the Commission in its Show Cause Order will, as a practical matter, be substantially resolved. Finally, approval of the

FCC 09M-39 (ALJ Sippel, rel. May 6, 2009); *Pendleton C. Waugh, et al.*, Order, FCC 09M-44 (ALJ Sippel, rel. June 12, 2009).

⁵ Indeed, if the Settlement Agreement is approved, a hearing at this time on the individual qualifications of Pendleton C. Waugh and Jay R. Bishop would be akin to rendering a declaratory ruling in the absence of a live case or controversy. *See, e.g., Guam Telephone Authority*, Order, 12 FCC Rcd 13938 (1997) (finding insufficient case or controversy and dismissing petition for preemption); *APCC Services, Inc. v. IDT Corp.*, Memorandum Opinion and Order, 21 FCC Rcd 7817 (Enf. Bur. 2006) (finding insufficient case or controversy and dismissing complaint as moot).

⁶ *See* Show Cause Order at para. 59(d).

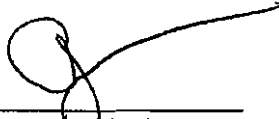
⁷ Neither the proposed Settlement Agreement nor this Joint Request contemplates an adverse ruling in this proceeding with respect to the qualifications of Pendleton C. Waugh or Jay R. Bishop. In the event that either individual applies to be a licensee (or a principal thereof) in the future, the Commission could exercise its discretion at that time and designate the application for hearing on issues relating to their qualifications. Thus, it is not an impediment to a grant of the instant Joint Request and termination of this hearing proceeding that Pendleton C. Waugh is not a signatory to the Settlement Agreement, as questions relating to his individual qualifications, should there be any, could be revisited in the event he presents himself before the Commission at a later date in the context of a pending application.

instant Settlement Agreement would be consistent with the manner in which other similar hearing proceedings have been resolved.⁸

6. PCSI, PAI, Charles M. Austin, and Jay R. Bishop represent that they have read this Joint Request for Approval of Settlement Agreement, concur with the representations therein, and have authorized the undersigned to file this Joint Request for Approval of Settlement Agreement on their behalf.

7. Accordingly, the Parties respectfully request that the Presiding Judge accept the referenced Settlement Agreement and issue an order adopting the Settlement Agreement and terminating this proceeding.

Respectfully submitted,
Kris Anne Monteith
Chief, Enforcement Bureau



Gary A. Gensinsky
Anjali K. Singh
Attorneys, Investigations and Hearings Division

Federal Communications Commission
445 12th Street, S.W., Room 4-C330
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(202) 418-1420

August 5, 2009

⁸ See *Business Options, Inc.*, Consent Order, FCC 04M-08 (ALJ Sippel, rel. February 20, 2004) (approving Consent Decree and ordering that all issues designated for hearing to be resolved); *Commercial Radio Service, Inc.*, Memorandum Opinion and Order, FCC 07M-12 (ALJ Steinberg, rel. April 26, 2007) (approving Settlement Agreement, determining concerns prompting hearing designation to be resolved, and ordering hearing to be terminated).

CERTIFICATE OF SERVICE

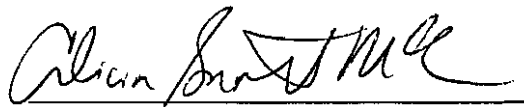
Alicia Smothers McCannon, an Enforcement Analyst in the Enforcement Bureau's Investigations and Hearings Division, certifies that she has, on this 5th day of August 2009, sent by first class United States mail or electronic mail, as noted, copies of the foregoing "Joint Request for Approval of Settlement Agreement and Termination of Proceeding," to:

Charles M. Austin
Preferred Acquisitions, Inc.
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400 East Royal Lane, 9 Suite N-24
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precomsys@aol.com

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Attorney for Pendleton C. Waugh

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CERTIFICATE OF SERVICE

Greg Vass, an Enforcement Analyst in the Enforcement Bureau's Investigations and Hearings Division, certifies that he has, on this 28th day of August, 2009, sent by first class United States mail or electronic mail, as noted, copies of the foregoing

"Enforcement Bureau's Settlement Fact Statement," to:

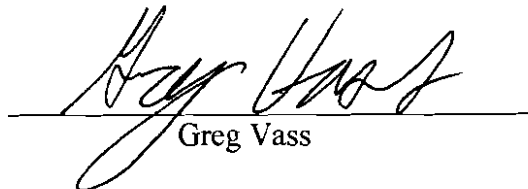
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Greg Vass

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